

# OKLAHOMA

## Economic Indicators

July 2023

# OKLAHOMA ECONOMIC INDICATORS

Oklahoma Employment Security Commission  
Trae Rahill, Chief Executive Officer

Economic Research and Analysis Division  
Lynn Gray, Director & Chief Economist

*Prepared by*  
Monty Evans, Senior Economist

Will Rogers Memorial Office Building  
Labor Market Information Unit  
P.O. Box 52003  
Oklahoma City, OK 73152-2003  
Phone: (405) 557-5369  
Fax: (405) 525-0139  
E-mail: [lmi1@oesc.ok.gov](mailto:lmi1@oesc.ok.gov)

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## SPECIAL REPORT:

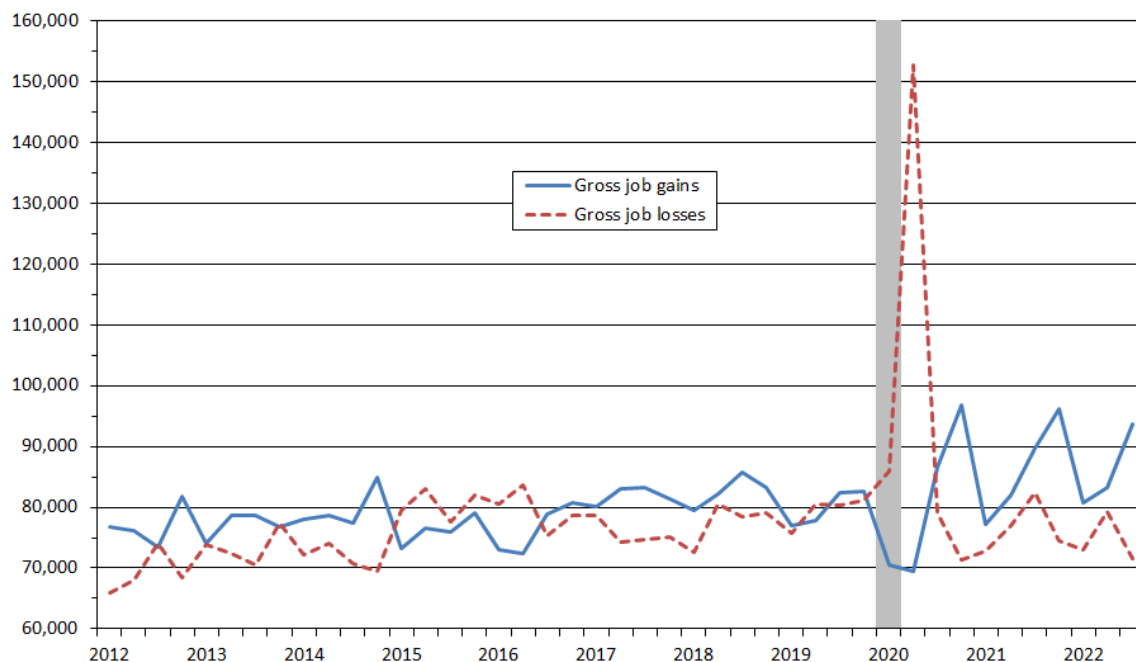
### OKLAHOMA BUSINESS EMPLOYMENT DYNAMICS: 3rd Quarter 2022

#### Gross Job Gains and Gross Job Losses: 3rd Quarter 2022

From June 2022 to September 2022, gross job gains from opening and expanding private-sector establishments in Oklahoma totaled 93,595, an increase of 10,347 jobs from the previous quarter. Over this period, gross job losses from closing and contracting private-sector establishments were 71,515, a decrease of 7,771 jobs from the previous quarter, according to the Oklahoma Employment Security Commission, Economic Research and Analysis Division, and the U.S. Bureau of Labor Statistics, (see Chart 1, below and Table 1, page 6). The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 22,080 jobs in Oklahoma's private sector during the 3rd quarter of 2022.

**Chart 1**

Private sector gross job gains and gross job losses in Oklahoma  
March 2012 - September 2022, seasonally adjusted



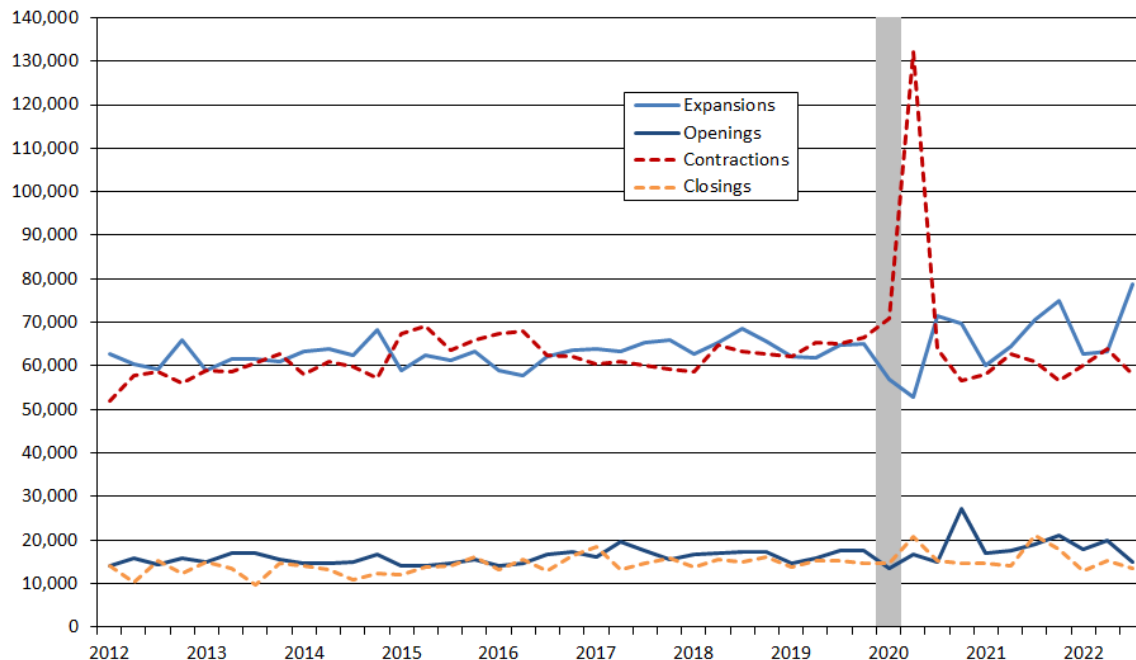
Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business establishments from the third month of one quarter to the third month of the next. *Gross job gains* are the sum of increases in employment from expansions at existing establishments and the addition of new jobs at opening establishments. *Gross job losses* are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

## Chart 2

Components of private sector gross job gains and losses in Oklahoma  
March 2012 - September 2022, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession periods.

### Gross Job Gains and Losses: Openings vs. Closings and Expansions vs. Contractions

Gross job gains are the sum of increases in employment due to expansions at existing establishments and the addition of new jobs at opening establishments. Gross job gains at expanding establishments in Oklahoma totaled 78,712 in the 3rd quarter of 2022, an increase of 15,363 jobs compared to the previous quarter. Opening establishments accounted for 14,883 of the jobs gained in the 3rd quarter of 2022, a decrease of 5,016 jobs from the previous quarter, (see Chart 2, above).

Gross job losses are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. Contracting establishments in Oklahoma lost 58,129 jobs in the 3rd quarter of 2022, a decrease of 5,876 jobs from the prior quarter. In the 3rd quarter, closing establishments lost 13,386 jobs, a decrease of 1,895 jobs from the previous quarter.

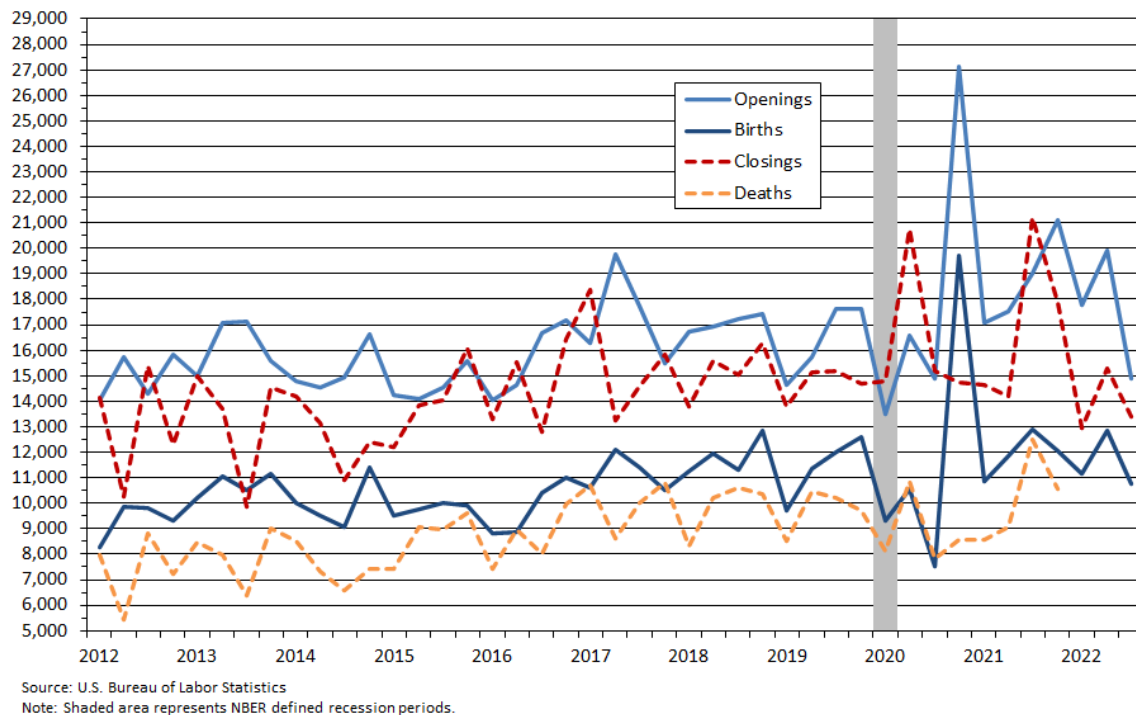
### Establishment Births and Deaths

In Oklahoma, the number of private sector establishment births, (a subset of the openings data), decreased by 2,069, for a total of 3,223 establishments in the 3rd quarter of 2022. These new establishments accounted for 10,762 jobs, a decrease of 2,069 jobs from the previous quarter, (see Chart 3, next page).

Data for establishment deaths, (a subset of the closings data), are now available through the 4th quarter of 2021, when 10,569 jobs were lost at 2,782 establishments, an increase of 1,950 jobs from the 3rd quarter of 2021, (see Chart 3, below).

**Chart 3**

Employment from private sector openings, closings, births and deaths in Oklahoma  
March 2012 - September 2022, seasonally adjusted



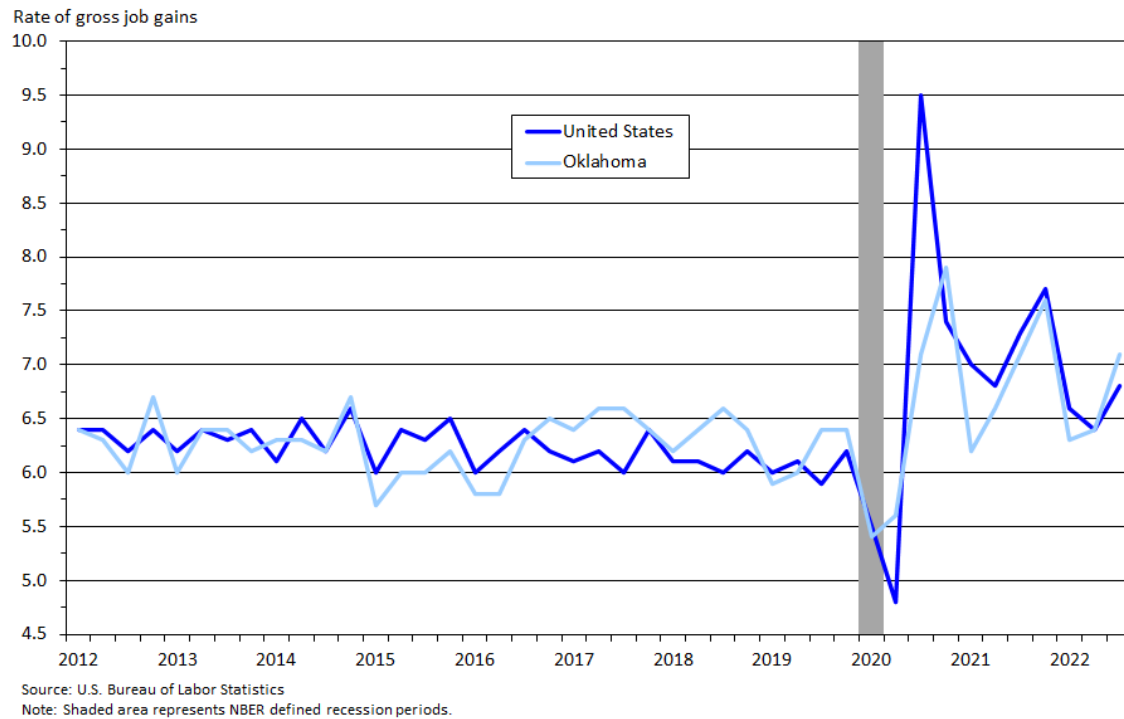
### Gross Job Gains and Gross Job Losses: Percent of Total Private Sector Employment

In the 3rd quarter of 2022, gross job gains represented 7.1 percent of private-sector employment in Oklahoma with expansions accounting for 6.0 percent of total private sector employment and openings contributing 1.1 percent. Nationally, gross job gains accounted for 5.8 percent of private sector employment in the 3rd quarter of 2022. With few exceptions, Oklahoma's rates of gross job gains have generally tracked with the U.S. rates. However, beginning in the 1st quarter of 2015, the rate of Oklahoma's gross job gains slipped below the national rate for seven consecutive quarters, exceeded the U.S. rate in the following nine quarters but has lagged behind the U.S. rate in seven out of the past 12 quarters, (see Chart 4, page 4).

In the 3rd quarter of 2022, gross job losses represented 5.5 percent of private-sector employment in Oklahoma, with contractions accounting for 4.5 percent and closings adding another 1.0 percent. The national rate of gross job losses was 5.8 percent in the 3rd quarter of 2022. From the 3rd quarter 2013 forward, Oklahoma's rate of gross job losses has shown more volatility especially the period beginning 1st quarter 2015 through 1st quarter 2017, then tracking more with national trends from the 4th quarter of 2017 forward, (see Chart 5, page 4).

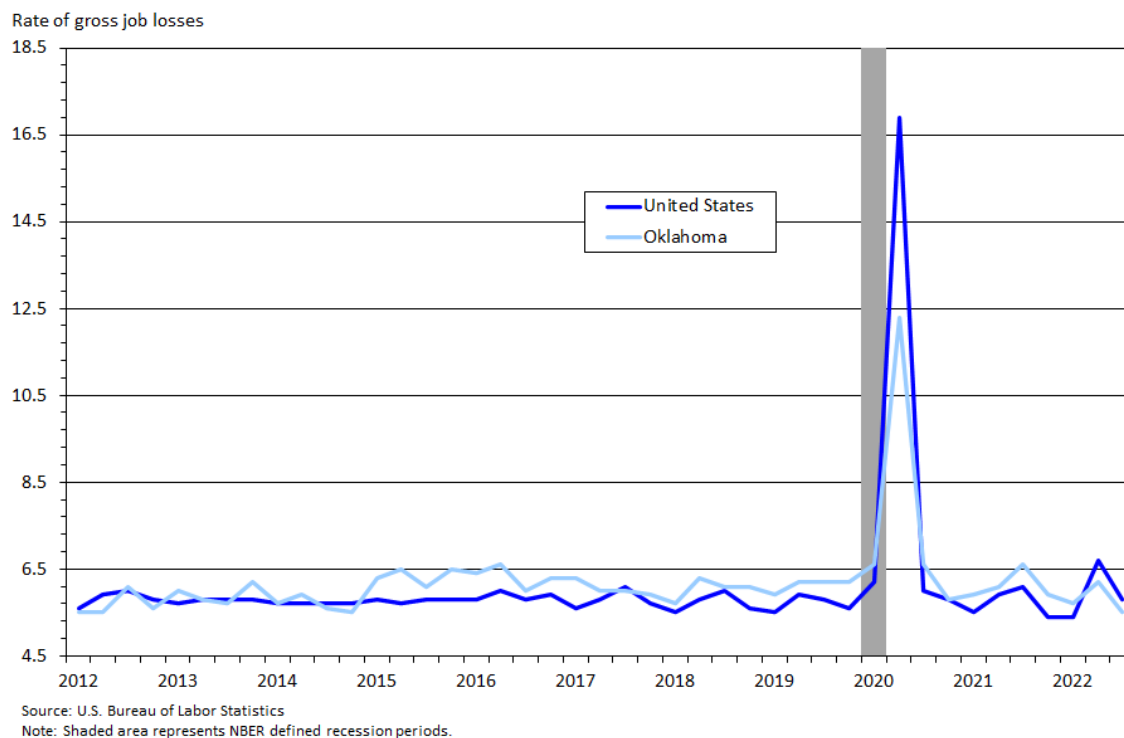
#### Chart 4

Private sector gross job gains as a percent of employment, United States and Oklahoma  
March 2012 - September 2022, seasonally adjusted



#### Chart 5

Private sector gross job losses as a percent of employment, United States and Oklahoma  
March 2012 - September 2022, seasonally adjusted



<b>Table 1. Oklahoma: Three-month private sector gross job gains and losses, seasonally adjusted</b>					
Category	3 months ended				
	Sep 2021	Dec 2021	March 2022	June 2022	Sep 2022
	Levels				
Gross job gains.....	<b>89,669</b>	<b>96,147</b>	<b>80,662</b>	<b>83,248</b>	<b>93,595</b>
Expanding establishments	70,653	75,018	62,879	63,349	78,712
Opening establishments	19,016	21,129	17,783	19,899	14,883
Gross job losses.....	<b>82,308</b>	<b>74,418</b>	<b>73,118</b>	<b>79,286</b>	<b>71,515</b>
Contracting establishments	61,082	56,534	60,167	64,005	58,129
Closing establishments	21,226	17,884	12,951	15,281	13,386
Net employment change <sup>1</sup>	7,361	21,729	7,544	3,962	22,080
	Rates (percent)				
Gross job gains.....	<b>7.1</b>	<b>7.6</b>	<b>6.3</b>	<b>6.4</b>	<b>7.1</b>
Expanding establishments	5.6	5.9	4.9	4.9	6.0
Opening establishments	1.5	1.7	1.4	1.5	1.1
Gross job losses.....	<b>6.6</b>	<b>5.9</b>	<b>5.7</b>	<b>6.2</b>	<b>5.5</b>
Contracting establishments	4.9	4.5	4.7	5.0	4.5
Closing establishments	1.7	1.4	1.0	1.0	1.0
Net employment change <sup>1</sup>	0.5	1.7	0.6	0.2	1.6
Source: U.S Bureau of Labor Statistics					
<sup>1</sup> Net employment change is the difference between total gross job gains and total gross job losses.					

### More Information

A copy of the full 3rd quarter 2022 Oklahoma BED report along with technical notes and detailed tables is available on the OESC website at: [Oklahoma Business Employment Dynamics-3rd Quarter 2022](#)

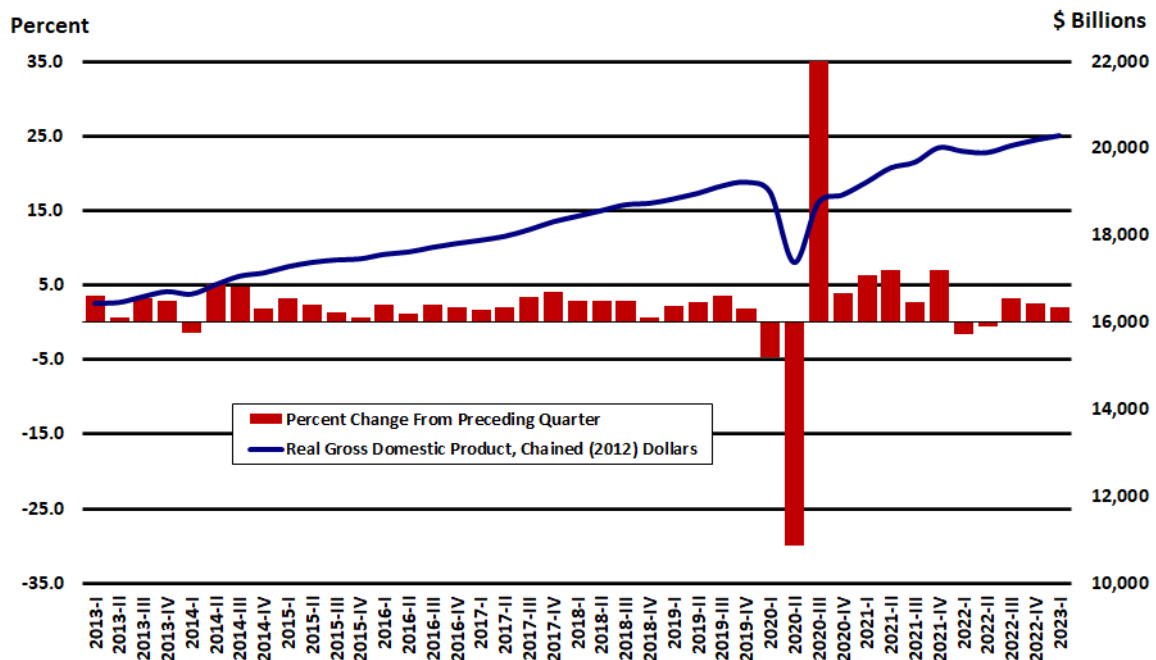
Additional information about the Business Employment Dynamics program is available online at: <http://www.bls.gov/bdm>



## Real Gross Domestic Product and Quarterly Change

1st Quarter 2013 to 1st Quarter 2023 ("Third" Estimate)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters, (the exceptions being during the recessions of 1960-61 and 2001).

The Bureau of Economic Analysis (BEA), U.S. Department of Commerce releases GDP data on a quarterly basis, usually during the fourth week of the month. Data are for the prior quarter, so data released in April are for the 1st quarter. Each quarter's data are revised in each of the following two months after the initial release. Each revision is based on more complete economic data.

### Background

There are four major components to GDP:

1. *Personal consumption expenditures*: Individuals purchase durable goods (such as furniture and cars), nondurable goods (such as clothing and food) and services (such as banking, education, and transportation).
2. *Investment*: Private housing purchases are classified as residential investment. Businesses invest in nonresidential structures, durable equipment, and computer software. Inventories at all stages of production are counted as investment. Only inventory changes, not levels, are added to GDP.
3. *Net exports*: Equal the sum of exports less imports. Exports are the purchases by foreigners of goods and services produced in the United States. Imports represent domestic purchases of foreign-produced goods and services and are deducted from the calculation of GDP.
4. *Government*: Government purchases of goods and services are the compensation of government employees and purchases from businesses and abroad. Data show the portion

attributed to consumption and investment. Government outlays for transfer payments or interest payments are not included in GDP.

The four major categories of GDP—personal consumption expenditures, investment, net exports and government—all reveal important information about the economy and should be monitored separately. This allows one to determine the strengths and weaknesses of the economy.

### **Current Developments**

The U.S. economy expanded at a much faster pace in the 1st quarter than previously thought. Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the 1st quarter of 2023, according to the "third" estimate released by the Bureau of Economic Analysis (BEA). In the 4th quarter of 2022, real GDP increased 2.6 percent. The increase in real GDP in the first quarter reflected increases in consumer spending, exports, state and local government spending, federal government spending, and nonresidential fixed investment that were partly offset by decreases in private inventory investment and residential fixed investment.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, jumped to a 4.2 percent pace in the 1st quarter, the highest quarterly pace since the 2nd quarter of 2021. Spending on durable goods, such as automobiles, surged 16.3 percent in the 1st quarter. Outlays on services, such as health care, housing and utilities, increased 3.2 percent, while spending on nondurable goods, such as food and beverages, advanced 0.5 percent. Personal consumption expenditures (PCE) added 2.79 percentage points to 1st quarter GDP growth, rather than 2.52 percentage point reported earlier.

Business investment was tepid in the 1st quarter, growing at a 0.6 percent rate, likely due to narrowing profit margins. Expenditures on structures, which are tied to the oil and gas sector and commercial real estate, grew at a 15.8 percent rate. Business spending on equipment contracted for a second straight quarter, declining 8.9 percent. Outlays on intellectual property products was downgraded to 3.1 percent pace, instead of 5.2 percent previously estimated. Nonresidential fixed investment contributed 0.08 percentage point to 1st quarter GDP, down from a 0.18 percentage point contribution previously estimated.

Businesses inventory accumulation plunged in the 1st quarter. Business inventories decreased at a rate of \$3.5 billion, down \$133.0 billion from the previous quarter, the largest inventory burn-off since the 2nd quarter of 2021. The change in private inventories chopped off 2.14 percentage points from GDP growth, the most in two years.

Residential investment recorded its eighth consecutive quarterly drop in the 1st quarter, but had less of a drag on GDP than previously reported. Residential investment, a gauge of homebuilding, declined 4.0 percent after dipping 25.1 percent in the previous quarter. Residential fixed investment subtracted 0.16 percentage point from 1st quarter GDP.

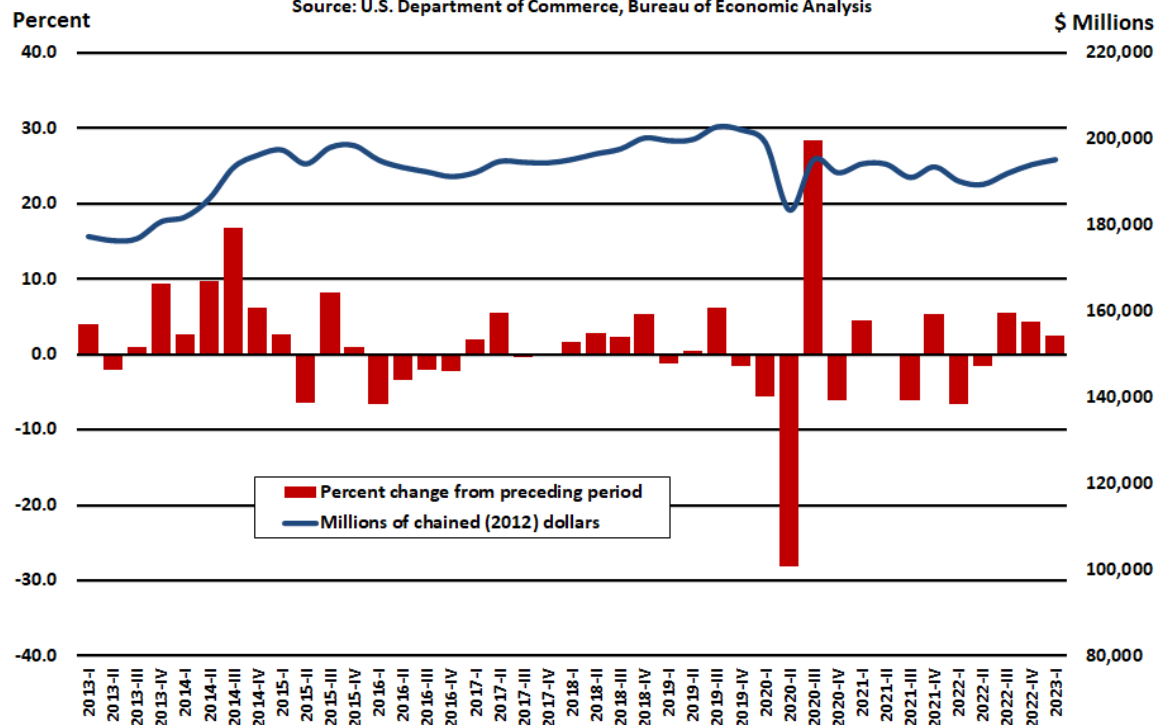
Revised trade flows contributed positively to GDP, with exports rising more than previously estimated while imports were revised down. Exports, which add to GDP, were upwardly revised to 12.3 percent while imports, which subtract, were revised down 2.0 percent. A narrower trade gap contributed 0.58 percentage points to 1st quarter GDP.

Government outlays rose for the third straight quarter in the January to March period, led by federal nondefense spending. Federal government spending increased 6.0 percent in the 1st quarter, as national defense spending rose 2.5 percent, while nondefense spending grew 10.5 percent. Consumption outlays by state and local governments increased 4.4 percent in the 1st quarter. Government consumption expenditures and investment added 0.85 percentage point to 1st quarter GDP.

## Oklahoma Real Gross Domestic Product and Quarterly Change

1st Quarter 2013 to 1st Quarter 2023, Seasonally Adjusted Annual Rates

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

The U.S. Bureau of Economic Analysis (BEA) recently began producing statistics of quarterly gross domestic product (GDP) by state dating back to 2005. These new statistics provide a more complete picture of economic growth across states that can be used with other regional data to gain a better understanding of regional economies as they evolve from quarter to quarter. The new data provide a fuller description of the accelerations, decelerations, and turning points in economic growth at the state level, including key information about changes in the distribution of industrial infrastructure across states.

### Current Developments

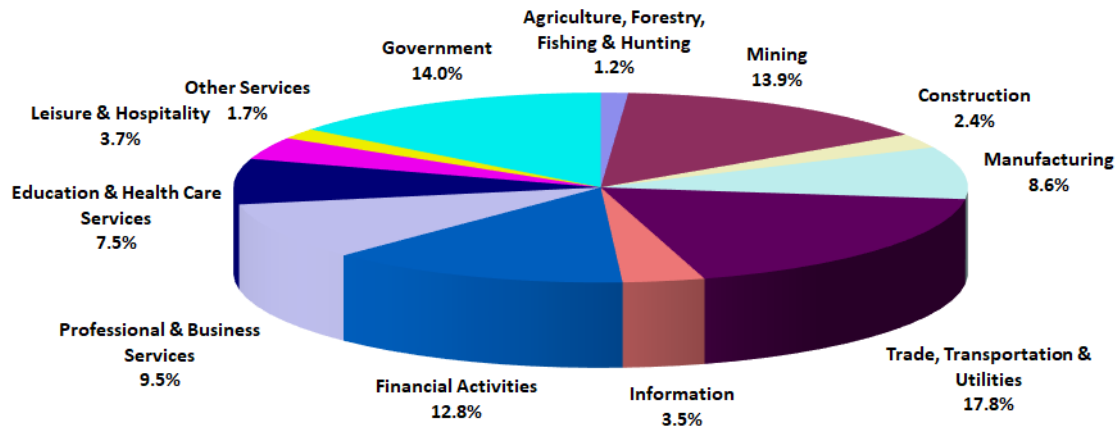
Real gross domestic product (GDP) by state—a measure of nationwide growth calculated as the sum of GDP of all states and the District of Columbia—increased in all 50 states and the District of Columbia in the 1st quarter of 2023, with the percent change ranging from 12.4 percent in North Dakota to 0.1 percent in Rhode Island and Alabama, according to the Bureau of Economic Analysis (BEA). Current-dollar GDP increased in 47 states and the District of Columbia in the 1st quarter, with the percent change ranging from 14.1 percent in Nebraska to -2.9 percent in West Virginia.

Oklahoma's real GDP decelerated to a 2.5 percent rate in the 1st quarter of 2023, following a 4.3 percent pace in the 4th quarter, ranking Oklahoma 21st among all other states and the District of Columbia. Statewide GDP was at a level of \$195.2 billion (in constant 2012 dollars) in the 1st quarter, up \$1.2 billion from the 4th quarter level of \$194.0 billion.

## Industry Share of Oklahoma's Economy, 1st Quarter 2023

(by percentage of Gross Domestic Product)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



In the 1st quarter of 2023, as real GDP for the nation grew at an annual rate of 2.0 percent, real GDP increased in 14 of the 23 industry groups for which BEA prepares quarterly state estimates. Health care and social assistance; retail trade; and agriculture, forestry, fishing, and hunting were the leading contributors to the increase in real GDP nationally.

Health care and social assistance increased in all 50 states and the District of Columbia and was the leading contributor to growth in 15 states. In Oklahoma, health care and social assistance added 0.45 percentage point to 1st quarter GDP.

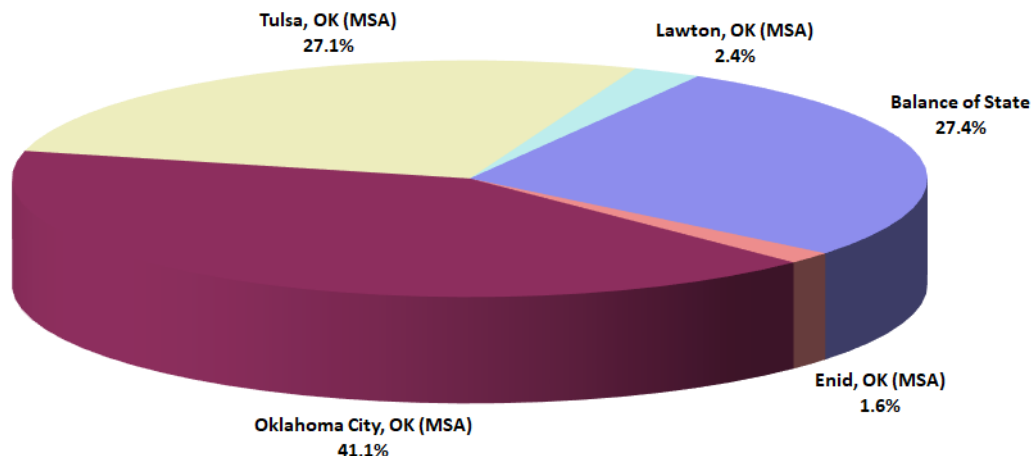
Retail trade increased in all 50 states and the District of Columbia and was the leading contributor to growth in 8 states, including Oklahoma adding 0.82 percentage point to 1st quarter GDP.

Agriculture, forestry, fishing, and hunting increased in 33 states and was the leading contributor to growth in 13 states including North Dakota, Nebraska, South Dakota, Kansas, and Montana, the 5 states with the largest increases in real GDP. In Oklahoma, agriculture, forestry, fishing, and hunting was the second-largest contributor to 1st quarter GDP, adding 0.71 percentage point.

Finance and insurance decreased in all 50 states and the District of Columbia. This industry was the leading offset to growth in Rhode Island, one of the states with the smallest increase in real GDP. In Oklahoma, finance and insurance subtracted 0.30 percentage point from statewide GDP in the 1st quarter.

## Metropolitan Area Contribution to State Real Gross Domestic Product 2021

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

Metropolitan Statistical Areas (MSA) are county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree of economic and social integration with the nucleus.

GDP by metropolitan area is the sub-state counterpart of the Nation's gross domestic product (GDP), the BEA's featured and most comprehensive measure of U.S. economic activity. GDP by metropolitan area is derived as the sum of the GDP originating in all the industries in the metropolitan area. Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the four MSAs of Oklahoma City, Tulsa, Lawton, and Enid accounted for 71.8 percent of total state GDP in 2019.

### Current Developments

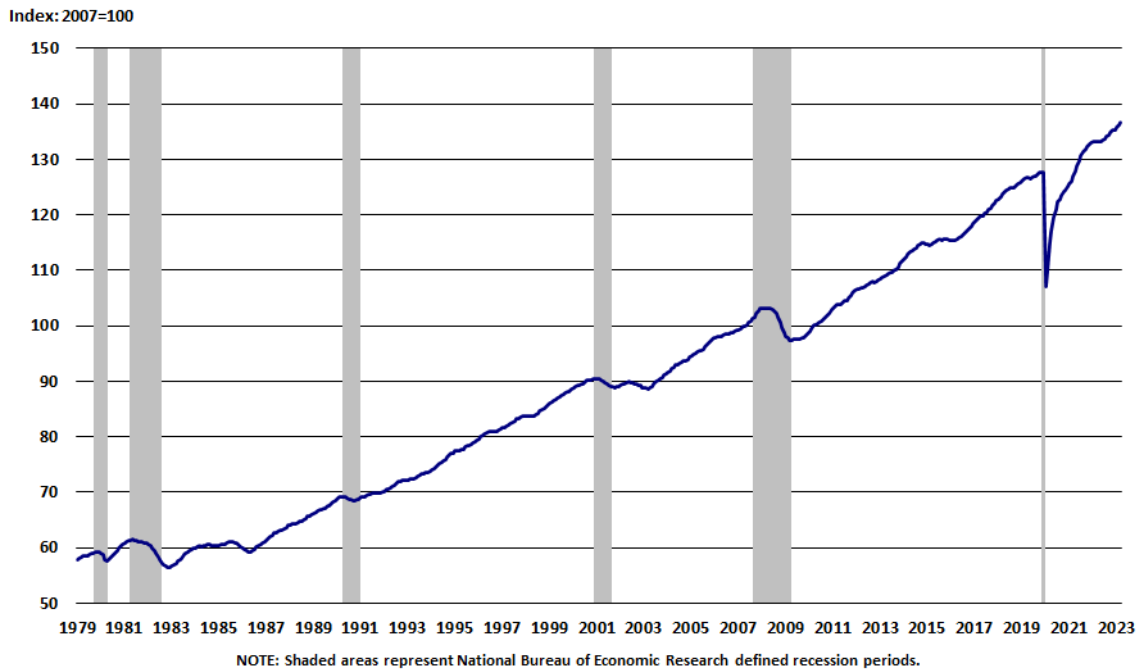
Real gross domestic product (GDP) increased in 365 out of 384 metropolitan areas in 2021, according to the U.S. Bureau of Economic Analysis (BEA). The percent change in real GDP by metropolitan area ranged from 25.3 percent in Elkhart-Goshen, IN to -6.7 percent in Wheeling, WV-OH. Real GDP for U.S. metropolitan areas increased 6.2 percent in 2021 as every major industry group, (with the exception of information and finance, insurance, real estate, rental, and leasing), saw declines over the year.

In 2021, all of Oklahoma's four metropolitan areas experienced positive GDP growth. Enid MSA real GDP rose 5.7 percent in 2021 to a level of \$3.17 billion, ranking it 154th among 384 metro areas. Lawton MSA real GDP increased 1.4 percent in 2021 to a level of \$4.66 billion, and ranked 349th among U.S. metro areas. Oklahoma City MSA grew 0.9 percent to \$79.33 billion and ranked 354th. Tulsa MSA real GDP increased 0.3 percent to a level of \$51.27 and ranking 362nd among 384 U.S. metropolitan areas in 2021.



## Coincident Economic Activity Index for Oklahoma, 1979-2023

Source: Federal Reserve Bank of Philadelphia, retrieved from FRED, Federal Reserve Bank of St. Louis  
Index: 2007=100



### Definition & Importance

The Federal Reserve Bank of Philadelphia produces leading indexes for each of the 50 states. The indexes are calculated monthly and are usually released a week after the release of the coincident indexes. The Bank issues a release each month describing the current and future economic situation of the 50 states with special coverage of the Third District: Pennsylvania, New Jersey, and Delaware.

The leading index for each state predicts the six-month growth rate of the state's coincident index. In addition to the coincident index, the models include other variables that lead the economy: state-level residential housing permits (1 to 4 units), state initial unemployment insurance claims, delivery times from the Institute for Supply Management (ISM) manufacturing survey, and the interest rate spread between the 10-year Treasury bond and the 3-month Treasury bill.

### Current Developments

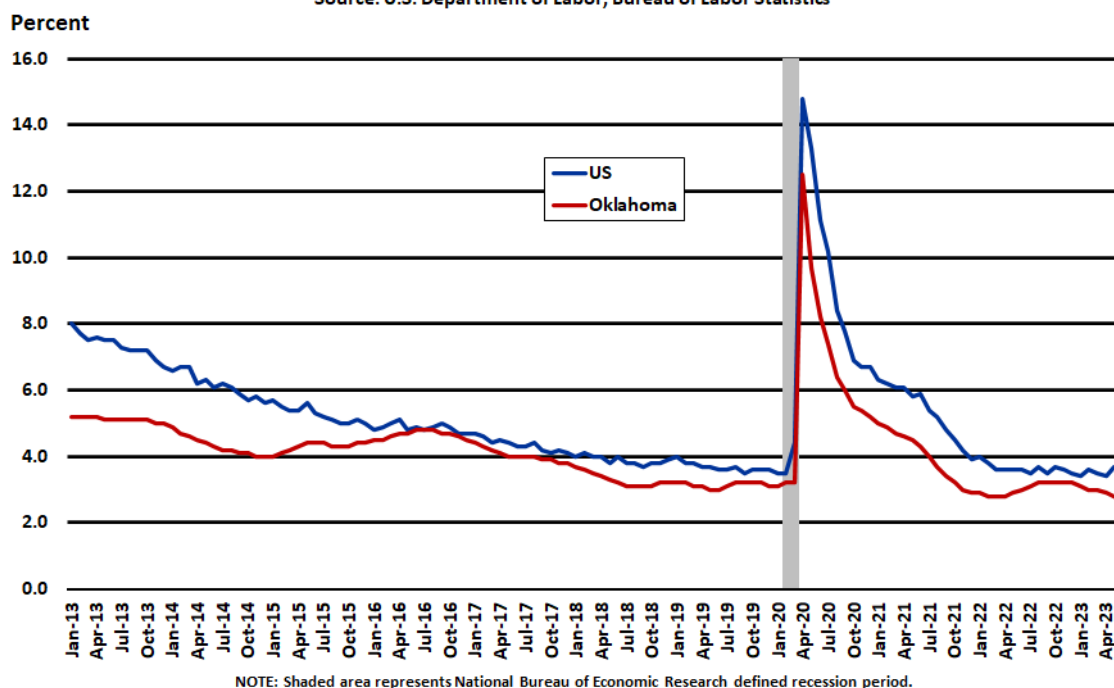
The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for June 2023. Over the past three months, the indexes increased in 49 states and decreased in one, for a three-month diffusion index of 96. Additionally, in the past month, the indexes increased in 43 states, decreased in two states, and remained stable in five, for a one-month diffusion index of 82. For comparison purposes, the Philadelphia Fed has also developed a similar coincident index for the entire United States. The Philadelphia Fed's U.S. index increased 0.7 percent over the past three months and 0.3 percent in June.

In the three months to June, the coincident index for Oklahoma increased 0.9 percent. The level of payroll employment increased over the past three months. The unemployment rate decreased significantly during the three-month period. Additionally, average hours worked in manufacturing increased. Overall, Oklahoma's economic activity as measured by the coincident index has risen 2.6 percent over the past 12 months.

## U.S. and Oklahoma Unemployment Rate (Seasonally Adjusted)

January 2013 to June 2023

Source: U.S. Department of Labor, Bureau of Labor Statistics



### Definition & Importance

The Bureau of Labor Statistics [Local Area Unemployment Statistics \(LAUS\)](#) program produces monthly estimates of total employment and unemployment from a national survey of 60,000 households. The unemployment rate measures the percentage of people who are without work and is calculated by dividing the estimated number of unemployed people by the civilian labor force. The result expresses unemployment as a percentage of the labor force.

The unemployment rate is a lagging indicator of economic activity. During a recession, many people leave the labor force entirely. As a result, the jobless rate may not increase as much as expected. This means that the jobless rate may continue to increase in the early stages of recovery because more people are returning to the labor force as they believe they will be able to find work. The civilian unemployment rate tends towards greater stability than payroll employment on a monthly basis and reveals the degree to which labor resources are utilized in the economy.

### Current Developments

The U.S. unemployment rate slipped in June from a seven-month high in the previous month, remaining at historically low levels. The unemployment rate decreased by 0.1 percentage point to 3.6 percent in June, according to the Bureau of Labor Statistics (BLS). The unemployment rate has ranged from 3.4 percent to 3.7 percent since March 2022.

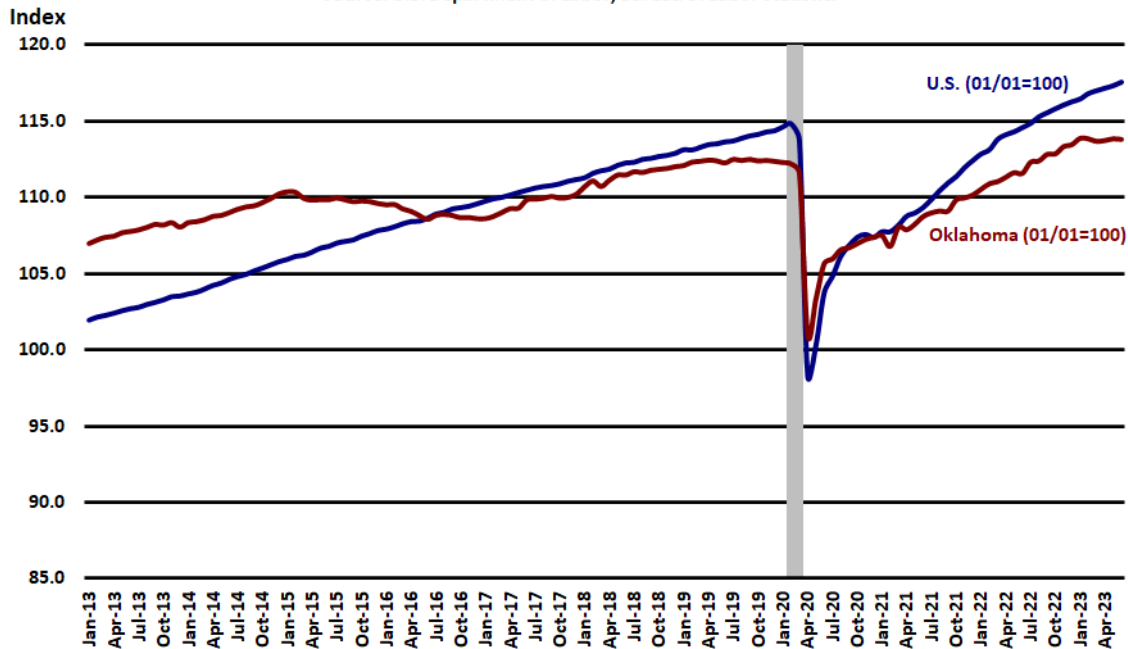
Oklahoma's seasonally adjusted unemployment rate declined 0.1 percentage point to 2.7 percent in June, setting a new series low. (All state series begin in 1976). Over the year, the state's seasonally adjusted unemployment rate was 0.3 percentage point lower than June 2022.

In May, Latimer County posted Oklahoma's highest county unemployment rate of 4.8 percent. Tillman County reported the second-highest rate for the month, followed by McIntosh County. Cimarron County reported the lowest county unemployment rate of 1.5 percent in May. Unemployment rates in May were lower than a year earlier in 44 counties, higher in 19 counties and unchanged in 14 counties.

## U.S. and Oklahoma Nonfarm Payroll Employment (Seasonally Adjusted)

Index: January 2001=100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

Nonfarm payroll employment data is produced by the [Current Employment Statistics \(CES\)](#) program of the Bureau of Labor Statistics (BLS). The CES Survey is a monthly survey of approximately 145,000 businesses and government agencies representing approximately 697,000 worksites throughout the United States. The CES program has provided estimates of employment, hours, and earnings data by industry for the nation as a whole, all States, and most major metropolitan areas since 1939. In order to account for the size disparity between of U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the start value.

Payroll employment is one of the most current and reliable indicators of economic conditions and recessionary trends. Increases in nonfarm payrolls translate into earnings that workers will spend on goods and services in the economy. The greater the increases in employment, the faster the total economic growth.

### Current Developments

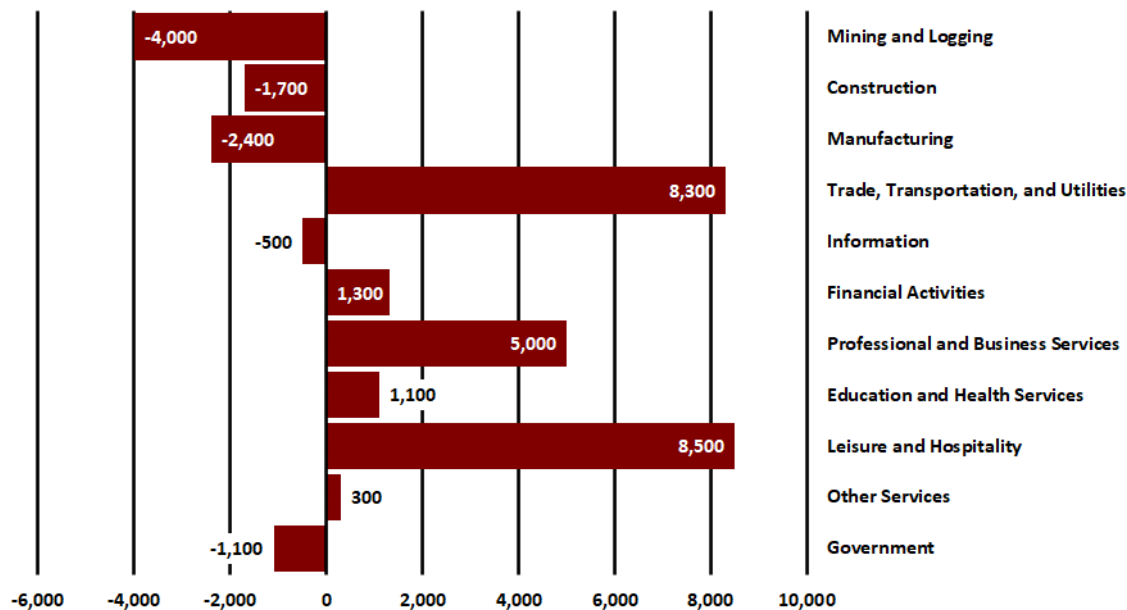
Although U.S. hiring eased in June, employers have added jobs at a solid pace for 30 consecutive months, despite persistent recession warnings and rapid Federal Reserve rate hikes. Total nonfarm payroll employment increased by 209,000 in June, according to the Bureau of Labor Statistics (BLS). In June, employment in government (60,000 jobs), health care (41,000 jobs), social assistance (24,000 jobs), and construction (23,000 jobs), continued to trend up. Nonfarm employment has grown by an average of 278,000 per month over the first 6 months of 2023, lower than the average of 399,000 per month in 2022.

Oklahoma's seasonally adjusted nonfarm employment shed 600 jobs (0.0 percent) in June, to a level of 1,727,100 while the May estimate was downwardly revised to 1,727,700. In June, six of Oklahoma's supersectors added jobs, as government (2,600 jobs) followed by manufacturing (1,500 jobs) reported the largest job gains over the month. Professional and business services (-3,300 jobs) followed by leisure and hospitality (-2,200 jobs) posted the largest over-the-month job losses in June.

## Oklahoma Employment Change by Industry, 2020-2021

Annual Averages (Not Seasonally Adjusted)

Source: Current Employment Statistics (CES), U.S. Department of Labor, Bureau of Labor Statistics



### Definition & Importance

Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a declining employment trend indicate those which are becoming less important in the state's economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help to recognize the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Consequently, key information for planning re-employment, retraining, and other workforce and economic development programs is contained within these data. For this analysis, we are using CES non-seasonally adjusted annual averages to compare year-over-year employment changes.

### Current Developments

Oklahoma's annual average nonfarm employment added jobs in 2021, following a dip in 2020 as business closures due to the COVID-19 pandemic pulled employment down. Total nonfarm employment added a non-seasonally adjusted 14,900 jobs (0.9 percent) in 2021. For comparison, 77,500 jobs were lost for a 4.5 percent decline in the previous year.

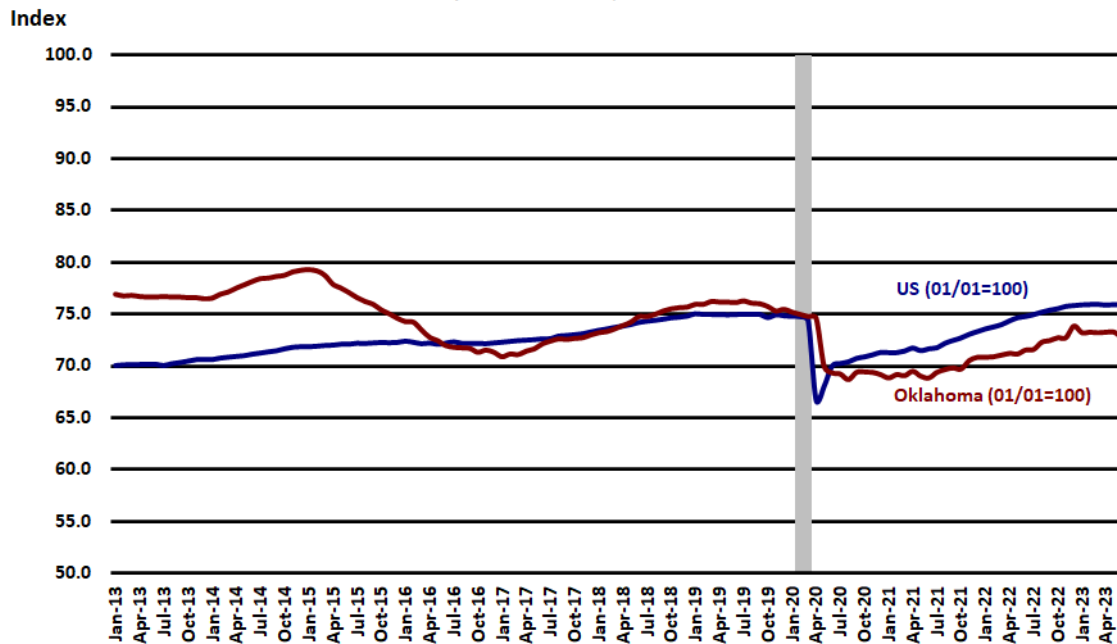
In 2021, six of 11 of Oklahoma's supersectors reported job gains. Leisure and hospitality saw the largest job gain adding 8,500 jobs (5.4 percent), as accommodation and food services accounted for the bulk of the job gains (7,700 jobs). Trade, transportation, and utilities shed a non-seasonally adjusted 8,300 jobs (2.7 percent), as retail trade added 4,900 jobs over the year. Professional and business services employment grew by 5,000 jobs (6.3 percent) as employment services gained 4,200 jobs. Other sectors adding jobs were financial activities (-1,300 jobs), and education and health services (1,100 jobs).

Mining and logging lost 4,000 jobs (-12.7 percent) as support activities for mining lost 2,500 jobs. Manufacturing employment declined by 2,400 jobs (-1.8 percent) with durable goods manufacturing accounting for all the job losses. Construction dropped 1,700 jobs (-2.2 percent). Government employment declined by 1,100 jobs (-0.3 percent), while information shed 500 jobs.

## U.S. and Oklahoma Manufacturing Employment (Seasonally Adjusted)

Index: January 2001 = 100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

Manufacturing employment data is also produced by the Bureau of Labor Statistics' Current Employment Statistics (CES) program. Manufacturing and production are still important parts of both the U.S. and Oklahoma economies. According to the [2020 County Business Patterns](#), the manufacturing sector was the 5th-largest employer, employing 12.0 million workers in the United States—and the top 10 average annual employee payroll at \$61,520. In Oklahoma, manufacturing accounts for one of the largest shares of private output and employment in the state. In addition, many manufacturing jobs are among the highest paying jobs in the state. In order to account for the size disparity between the U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the starting value.

### Current Developments

U.S. factory payrolls rebounded moderately in June as the sector struggles with softening demand. Manufacturing employment increased by 7,000 in June, according to the Bureau of Labor Statistics. Durable goods manufacturing added 15,000 jobs in June, while non-durable goods shed 8,000 jobs.

Oklahoma manufacturing employment added a seasonally adjusted 1,500 jobs (1.1 percent) over the month in June to a level of 135,900. In June, durable goods manufacturing gained 900 jobs (1.0 percent) while non-durable goods manufacturing added 600 jobs (1.3 percent).

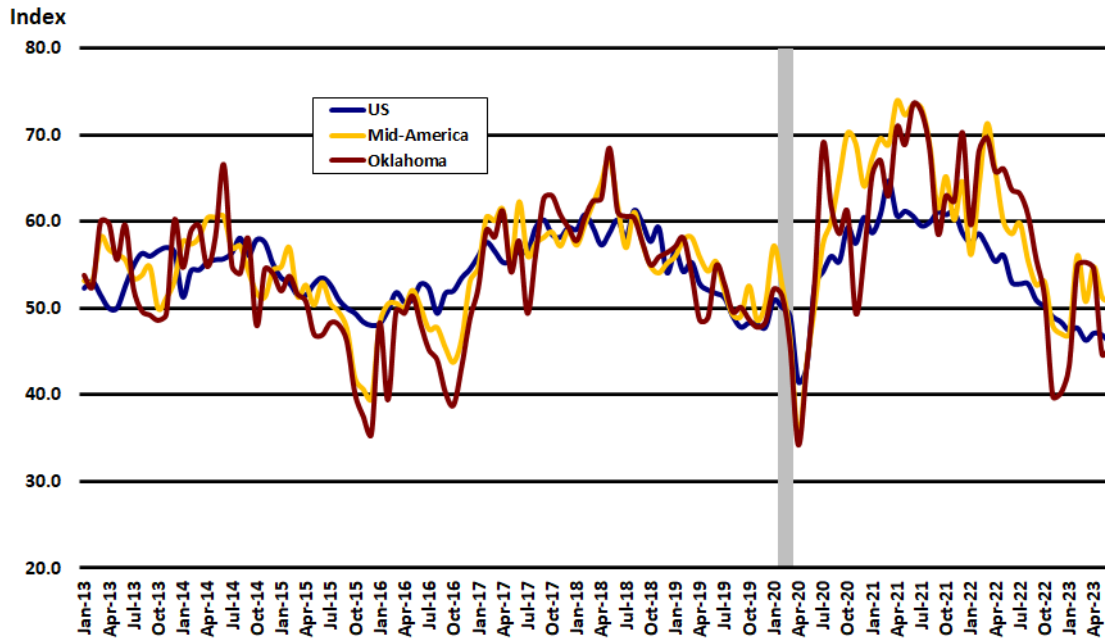
Over the year, statewide manufacturing employment added a seasonally adjusted 3,600 jobs (2.7 percent) compared to June 2022, as durable goods manufacturing gained 1,900 jobs (2.2 percent) and non-durable goods manufacturing added 1,700 jobs (3.7 percent).



## Purchasing Managers' Index (Manufacturing)

January 2013 to June 2023

Sources: ISM Manufacturing Report On Business® and Business Conditions Index for Mid-America, Creighton University



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

Economists consider the Institute for Supply Management's Purchasing Managers' Index (PMI™) a key economic indicator. The Institute for Supply Management (ISM®) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM® manufacturing index is constructed so that any level at 50 or above signifies growth in the manufacturing sector, which accounts for about 12 percent of the U.S. economy. A level above 43 or so, but below 50, indicates that the U.S. economy is still growing even though the manufacturing sector is contracting. Any level below 43 indicates that the economy is in recession.

For the region, since 1994, the Creighton Economic Forecasting Group at Creighton University has conducted a monthly survey of supply managers in nine states (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota), to produce leading economic indicators for the Mid-America economy using the same methodology as the national survey by the ISM®.

### Current Developments

U.S. manufacturing activity slumped again in June to the lowest reading since May 2020, but price pressures at the factory gate continued to retreat. The June Manufacturing PMI® registered 46 percent, 0.9 percentage point lower than the 46.9 percent recorded in May, according to the latest ISM [Manufacturing Report On Business®](#).

The ISM survey's forward-looking new orders sub-index climbed to a still low 45.6 from 42.6 in May, as businesses and consumers are more cautious. The survey's gauge of factory employment fell to 48.1 from 51.4 in May. Inflation at the factory gate declined again in June, as the survey's measure of prices paid by manufacturers fell to 41.8 from 44.2 in May. The delivery performance of suppliers to factories has been faster for nine straight months, as the survey's measure of supplier deliveries rose to 45.7, up from 44.6 in April. A reading below 50 indicates faster deliveries to factories.

For a fifth straight month, the Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, expanded above growth neutral but continues to point to slower growth. The [Business Conditions Index](#), which uses the identical methodology as the national ISM and ranges between 0 and 100 with 50.0 representing growth neutral, dropped to 50.8 for June from 51.3 in May.

“After flashing recession warning signals between November 2022 and January 2023, Creighton’s monthly survey of manufacturing supply managers over the past several months is now pointing to positive but slow growth with somewhat lower inflationary pressures at the wholesale level,” said Ernie Goss, Ph.D., director of Creighton University’s Economic Forecasting Group and the Jack A. MacAllister Chair in Regional Economics in the Heider College of Business.

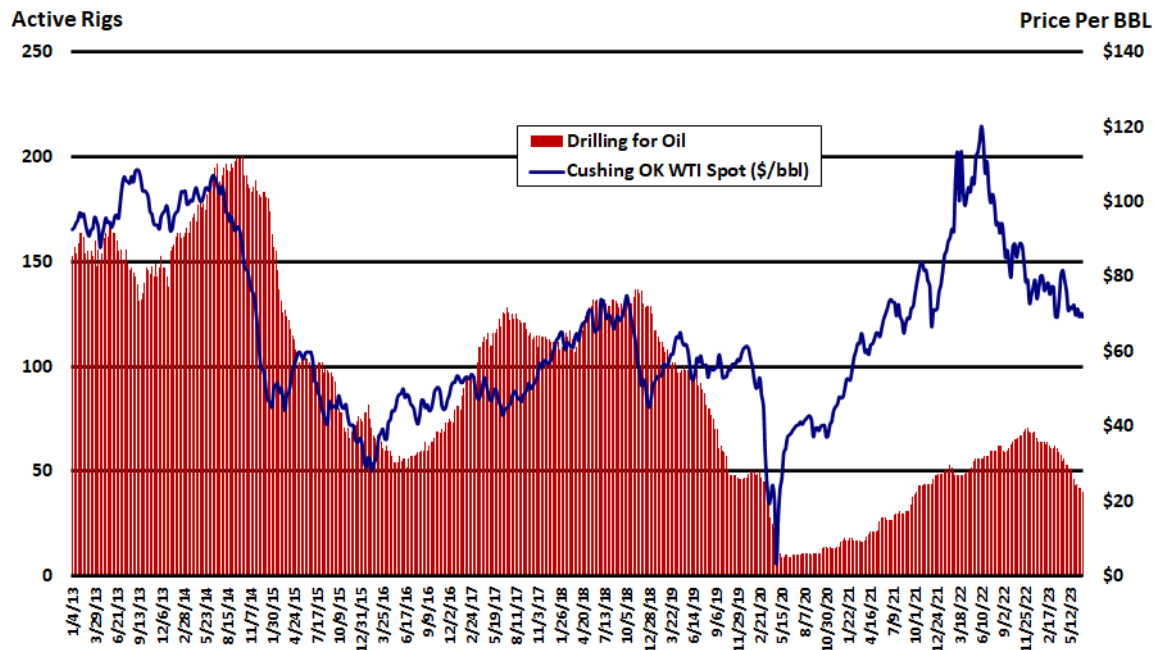
“While it’s too early to tell if the Federal Reserve is achieving its ‘soft landing,’ results from Creighton’s surveys over the last several months are somewhat promising on the inflation front, but with waning economic growth. Even so, I expect the Federal Reserve’s interest rate setting committee, the FOMC, to raise short-term interest rates at its July 25-26 meetings,” said Goss.

Oklahoma’s Business Conditions Index slumped in June to a reading below growth neutral. The June index increased to 45.5 from 44.7 in May. Components of the overall June index were: new orders at 47.2; production or sales at 47.7; delivery lead time at 52.5; inventories at 36.9; and employment at 43.2.

## Oklahoma Active Rotary Rigs & Cushing, OK WTI Spot Price

January 2013 to June 2023

SOURCES: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



### Definition & Importance

Crude oil is an important commodity in the global market. Prices fluctuate depending on supply and demand conditions in the world. Since oil is such an important part of the economy, it can also help determine the direction of inflation. In the U.S. consumer prices have moderated whenever oil prices have fallen but have accelerated when oil prices have risen. The U.S. Energy Information Administration (EIA) provides weekly information on petroleum inventories in the U.S., whether produced here or abroad.

The Baker Hughes rig count is an important indicator for the energy industry and Oklahoma. When drilling rigs are active, they consume products and services produced by the oil service industry. The active rig count acts as a leading indicator of demand for products used in drilling, completing, producing, and processing hydrocarbons.

West Texas Intermediate (WTI-Cushing) is a light crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is set in the domestic spot market at Cushing, Oklahoma.

### Background

The discovery of oil transformed Oklahoma's economy. By the time Oklahoma became a state in 1907, it was the largest oil producer in the nation. Excluding federal offshore areas, Oklahoma was the 6th-largest crude oil producer among the states in 2021, accounting for over 4 percent of the nation's crude oil production (at 143,052,000 barrels). Crude oil wells and gathering pipeline systems are concentrated in central Oklahoma. The state's largest producing field and the 11th largest in the United States, the [Sho-Vel-Tum](#) field, in eastern Stephens and western Carter Counties has continuously produced crude oil since its discovery in 1905.

The city of Cushing, in central Oklahoma, is home to about 14 percent of the nation's commercial crude oil storage capacity and is a major crude oil trading hub connecting Gulf Coast producers to Midwest refining markets. In addition to Oklahoma crude oil, the Cushing hub receives supply from several major pipelines that originate in Texas. Traditionally, the Cushing Hub has pushed Gulf Coast and Mid-Continent crude oil supply north to Midwest refining markets. However,

production from those regions is in decline, and an underused crude oil pipeline system has been reversed to deliver rapidly expanding heavy crude oil supply produced in Alberta, Canada to Cushing, where it can access Gulf Coast refining markets. For this reason, Cushing is the designated delivery point for the New York Mercantile Exchange (NYMEX) crude oil futures contracts. Crude oil supplies from Cushing that are not delivered to the Midwest are fed to Oklahoma's five refineries. As of January 2021, those refineries had a combined distillation capacity of more than 522,000 barrels per day—roughly 3.0 percent of the total U.S. refining capacity.

### **Current Developments**

According to results of the Kansas City Fed's quarterly [Tenth District Energy Survey](#), energy sector activity in Oklahoma and other states in the region declined in the 2nd quarter as oil and gas commodity prices and producer profits slumped. 'Firms reported that oil prices needed to be on average \$63 per barrel for drilling to be profitable, and \$86 per barrel for a substantial increase in drilling to occur. Similarly, natural gas prices needed to be \$3.49 per million Btu for drilling to be profitable on average, and \$4.67 per million Btu for drilling to increase substantially,' according to the survey results. "District drilling and business activity continued to decline in Q2 as commodity prices remain weak and profits decline further," said Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City. "Meanwhile, employment activity picked up and is expected to remain expansionary."

Crude production in Oklahoma decreased over the month in April—the most recently reported monthly data point. Statewide field production of crude oil was at a preliminary level of 13,214,000 bbl in April, down 222,000 bbl (-1.7 percent) from the upwardly revised March level of 13,436,000 bbl, according to data reported by the EIA. Compared to a year ago, Oklahoma crude production was up 707,000 bbl (5.7 percent) from the April 2022 production level of 12,507,000 bbl. For 2022, statewide crude production was at a level of 151,535,000 bbl, up 8,481,000 bbl (5.9 percent) from the 2021 production level of 143,054,000 bbl.

West Texas Intermediate (WTI-Cushing) crude oil for delivery at Cushing, Oklahoma, averaged \$70.25/bbl in June down \$1.49/bbl from the May average of \$71.74/bbl. EIA forecasts that international benchmark Brent crude oil price will average \$78/bbl in December 2024 and that the WTI-Cushing price will average \$67/bbl.

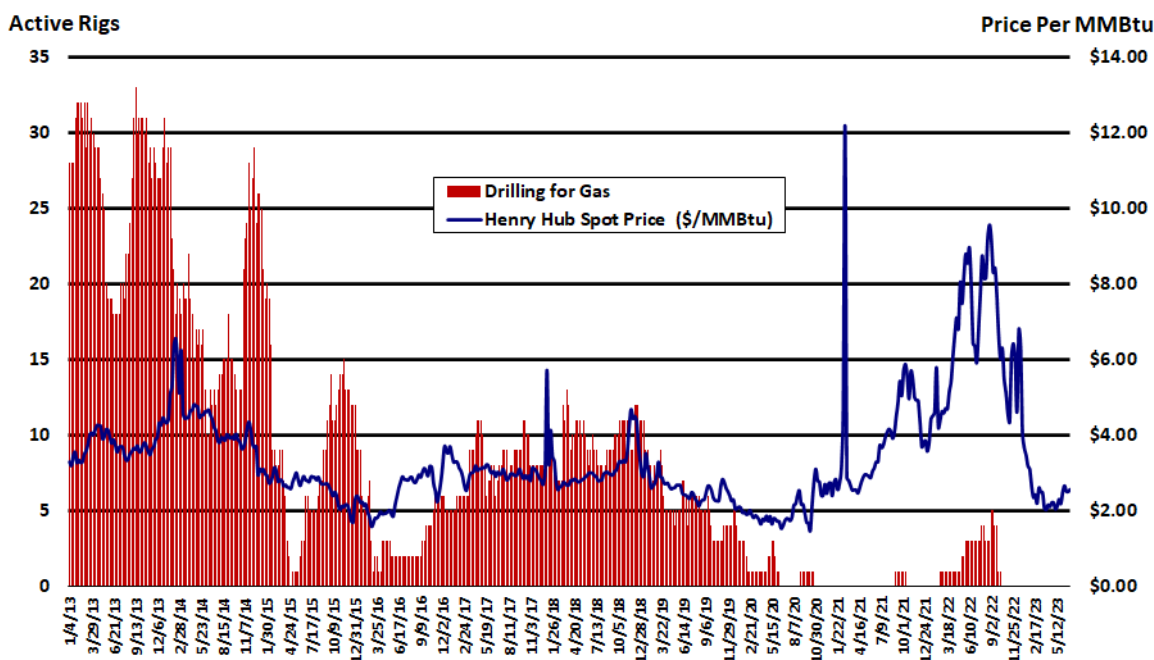
According to oil field services company Baker Hughes, oil-directed rig activity in the United States, which reflects crude oil drilling, was down 1 rig to a level of 545 for the week ending June 30, 2023, while the nation's total rig count was down 8 to a level of 674. Compared to a year ago, the nation's total rig count was 76 less than 750 rigs reported on July 1, 2022.

For the week ending June 30, 2023, Oklahoma's total active rig count was at a level of 40, down 2 rigs over the week, according to Baker Hughes. Oil-directed rigs accounted for all of total rig activity in June. Oklahoma's active rig count was down 20 from 60 active rigs reported operating on July 1, 2022.

## Oklahoma Active Rotary Rigs & Henry Hub Natural Gas Spot Price

January 2013 to June 2023

Sources: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



### Definition & Importance

The U.S. Energy Information Administration (EIA) provides weekly information on natural gas stocks in underground storage for the U.S., and three regions of the country. The level of inventories helps determine prices for natural gas products. Natural gas product prices are determined by supply and demand—like any other good or service. During periods of strong economic growth, one would expect demand to be robust. If inventories are low, this will lead to increases in natural gas prices. If inventories are high and rising in a period of strong demand, prices may not need to increase at all, or as much. However, during a period of sluggish economic activity, demand for natural gas may not be as strong. If inventories are rising, this may push down oil prices.

The Henry Hub in Erath, Louisiana is a key benchmark location for natural gas pricing throughout the United States. The Henry Hub is the largest centralized point for natural gas spot and futures trading in the United States. The New York Mercantile Exchange (NYMEX) uses the Henry Hub as the point of delivery for its natural gas futures contract. Henry Hub “spot gas” represents natural gas sales contracted for *next day* delivery and title transfer at the Henry Hub. The settlement prices at the Henry Hub are used as benchmarks for the entire North American natural gas market. Approximately 49 percent of U.S. wellhead production either occurs near the Henry Hub or passes close to the Henry Hub as it moves to downstream consumption markets.

### Background

Oklahoma's proved natural gas reserves are the 3rd-largest in the nation, after Texas and Pennsylvania. The state has 8 percent of the nation's total proved reserves and contains all or part of 14 of the 100 largest U.S. natural gas fields, as measured by proved reserves. In 2021, Oklahoma was the nation's 5th-largest producer of marketed natural gas. Statewide annual natural gas production was at an all-time high of more than 3.0 trillion cubic feet in 2019.

In 2020, Oklahoma was the nation's 4th-largest consumer of natural gas on a per capita basis. The electric power sector and the industrial sector together use slightly more than four-fifths of the natural gas delivered to consumers in Oklahoma.



### **Current Developments**

In the June [Short-Term Energy Outlook](#) (STEO), the U.S. Energy Information Administration (EIA) forecasts that the largest increases in U.S. electricity generation this summer (June, July, and August) will come from solar, wind, and natural gas-fired power plants because of new generating capacity coming online. The rising generation from these sources will likely be offset by reduced generation from coal-fired power plants.

Natural gas remains the primary source of generation in the electric power sector, and EIA expects U.S. natural gas-fired generation will grow by 3 percent, or 16.7 terawatt-hours (TWh), this summer compared with last year. Additional natural gas-fired generating capacity and favorable fuel costs are the primary drivers of EIA's forecast increase in generation from natural gas this summer.

Oklahoma natural gas production declined over the month in April. Statewide natural gas gross withdrawals were at a preliminary level of 233,031 million cubic feet (MMcf) in April, down 7,806 MMcf (-3.2 percent) from the previous month's upwardly revised level of 240,837 MMcf. Over the year, statewide natural gas production was up 9,953 MMcf (4.5 percent) from the April 2022 level of 223,078 MMcf. For 2022, total statewide natural gas production was at a level of 2,744,470 MMcf, up 172,637 MMcf (6.7 percent) from the 2021 production level of 2,571,833 MMcf.

In June, the Henry Hub spot price averaged \$2.18 per million British thermal units (MMBtu), down two cents from \$2.15/MMBtu in May.

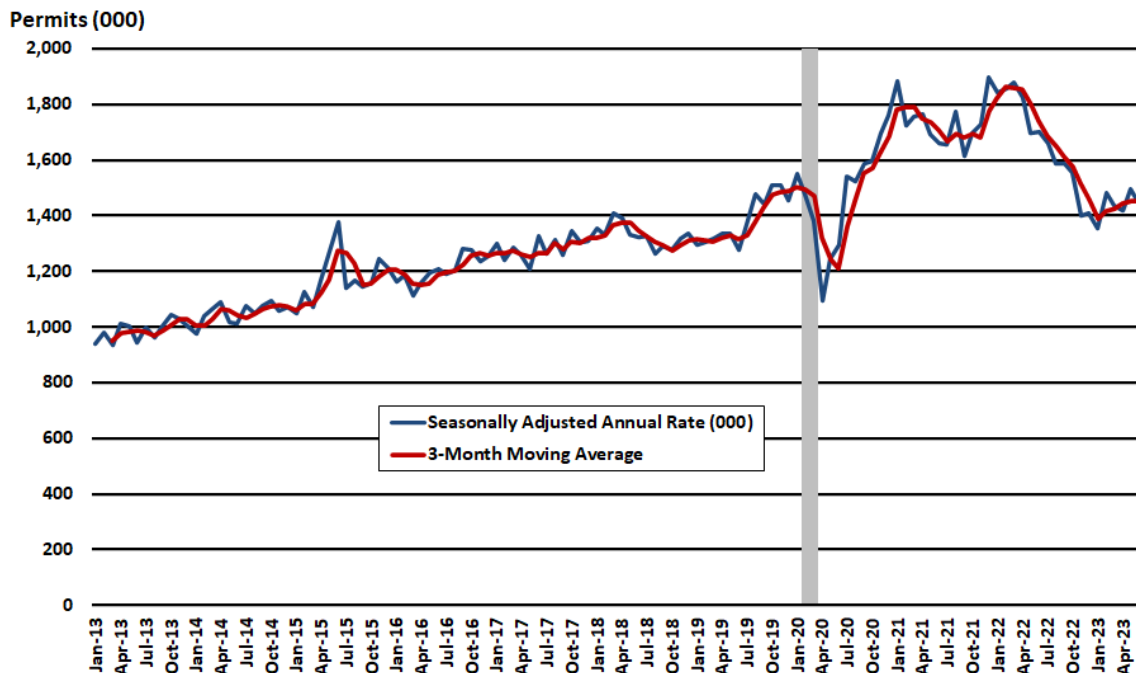
According to Baker Hughes, for the week ending June 30, 2023, the national natural gas rig count was down 6 rigs to a level of 124 over the week and down 29 rigs over the year.

Oklahoma drillers reported no active natural gas-directed rigs for the week ending June 30, 2023, unchanged over the month, according to Baker Hughes.

## U.S. New Private Housing Units Authorized by Building Permit

January 2013 to June 2023, Seasonally Adjusted

Source: U.S. Census Bureau and Department of Housing and Urban Development



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

The U.S. Census Bureau and the Department of Housing and Urban Development jointly provide monthly national and regional data on the number of new housing units authorized by building permits; authorized, but not started; started; under construction; and completed. The data are for new, privately-owned housing units (single and multifamily), excluding "HUD-code" manufactured homes. Because permits precede construction, they are considered a leading indicator for the residential construction industry and the overall economy. Most of the construction begins the same month the permit is issued. The remainder usually begins construction during the following three months; therefore, we also use a three-month moving average.

While home construction represents a small portion of the housing market, it has an outsize impact on the economy. Each home built creates an average of three jobs for a year and about \$130,000 in taxes, according to the National Association of Home Builders. Overall, homebuilding fell to its lowest levels in 50 years in 2009, when builders began work on just 554,000 homes.

### Current Developments

U.S. applications to build, a sign of future residential construction activity, rose to a 12-month high in June as low inventory in the existing home market supports new construction. Privately-owned housing units authorized by building permits in June were at a seasonally adjusted annual rate of 1,440,000, 3.7 percent below the revised May rate of 1,496,000 and 15.3 percent below the June 2022 rate of 1,701,000, according to the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.

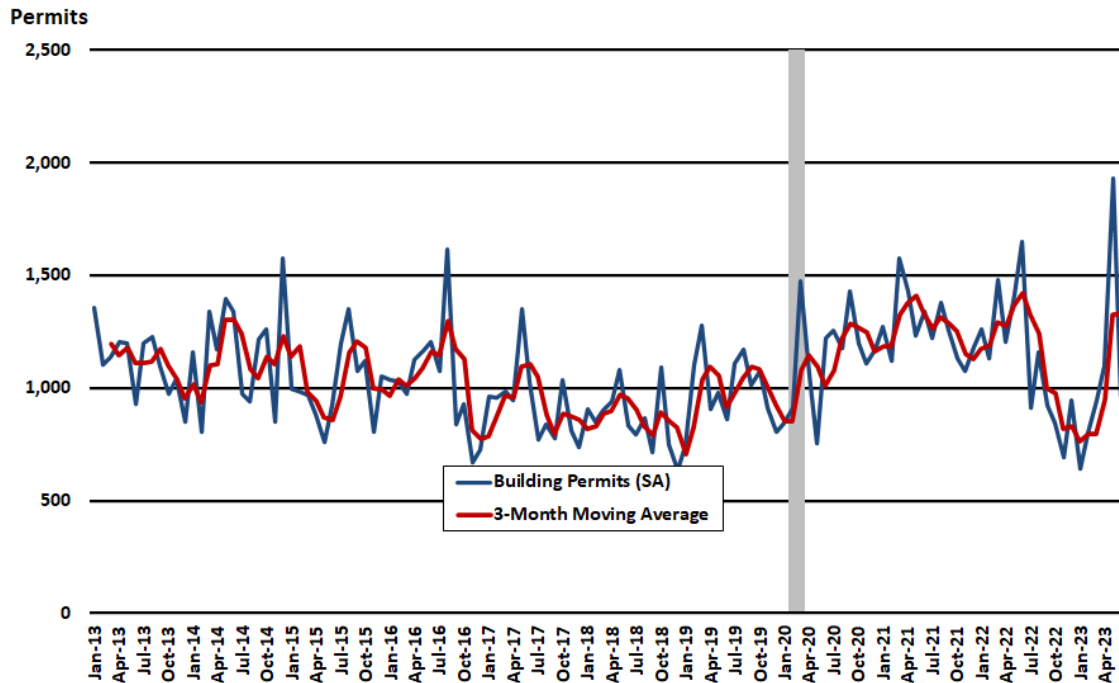
Permits for single-family homes increased 2.2 percent to a rate of 922,000 units in June, while permits for multi-family housing projects dropped 13.5 percent to a rate of 467,000 units.

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) rose by 1 point to 56 in July, the highest level since June last year and the seventh consecutive increase.

## Oklahoma New Private Housing Units Authorized by Building Permit

January 2013 to June 2023, Seasonally Adjusted

Sources: U.S. Census Bureau and Department of Housing and Urban Development, Federal Reserve Bank of St. Louis



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

The data services of the Federal Reserve Bank of St. Louis produce a seasonally adjusted series including monthly state level data on the number of new housing units authorized by building permits. These adjustments are made using the X-12 Procedure of SAS to remove the seasonal component of the series so that non-seasonal trends can be analyzed. This procedure is based on the U.S. Bureau of the Census X-12-ARIMA Seasonal Adjustment Program.

### Current Developments

Statewide residential permitting cooled in June, following a surge in applications to build apartments in May that pushed residential permitting to the highest level in nearly 10 years. Total residential permitting in June was at a seasonally adjusted level of 970, down 959 (-49.7 percent) from the upwardly revised May level of 1,929, and down 680 (-41.2 percent) from the June 2022 level of 1,650 permits, according to figures from the U.S. Census Bureau and the Federal Reserve Bank of St. Louis.

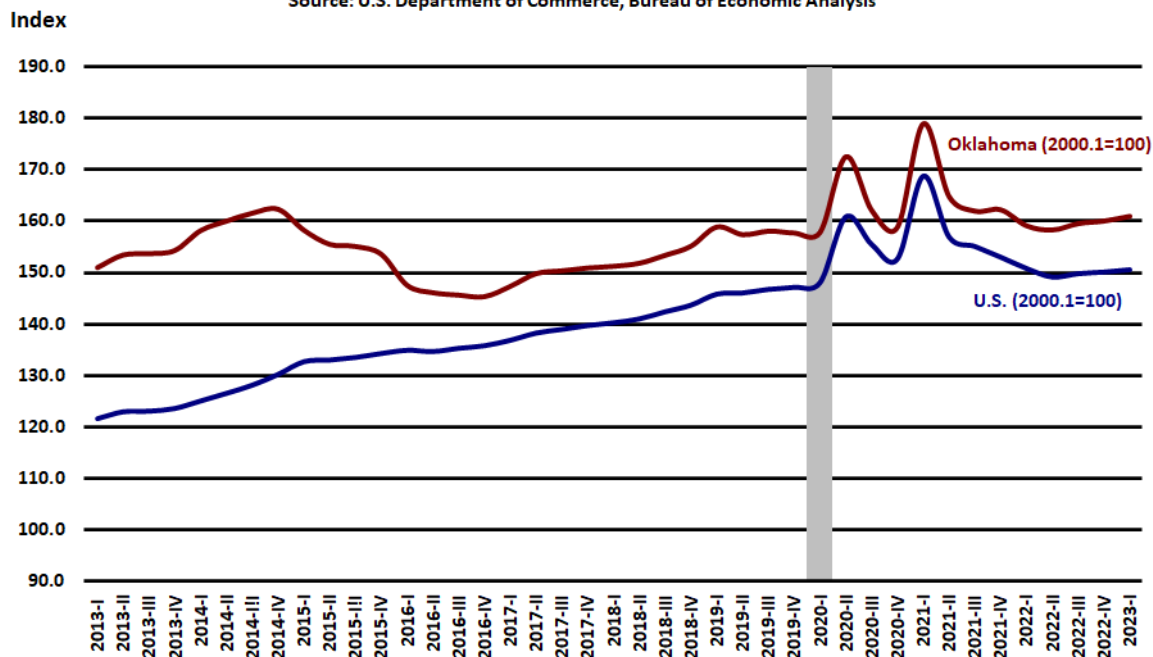
In June, permitting for single family homes was at a seasonally adjusted level of 893 units, down 189 (-17.5 percent), from a level of 1,082 in May. Multi-family permitting was at a seasonally adjusted level of 77 in June, down 770 (-90.9 percent), from the previous month's level of 847 permits. Single-family permitting accounted for 92.1 percent of total residential permitting activity in June while the more volatile multi-family permitting accounted for 7.9 percent.

In 2022, statewide residential construction slipped from a 15-year high set in 2021. Oklahoma total residential permitting for 2022 was at a seasonally adjusted level of 13,512 permits. This is 1,709 fewer permits (-11.2 percent) less than the 15,221 total permits issued during 2021.

## U.S. and Oklahoma Real Personal Income, Q1/13 to Q1/23

Index: 1st Quarter 2000 = 100

Source: U.S. Department of Commerce, Bureau of Economic Analysis



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings, property income such as dividends, interest, and rent and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

To show the vastly different levels of total personal income for the U.S. and Oklahoma on the same chart, these data have been converted to index numbers. This chart shows a comparison of Oklahoma and U.S. growth in real personal income with 1st quarter 2000 as the base year.

### Current Developments

U.S. consumer spending and prices rose more slowly in May, and personal income increased. Personal income increased \$91.2 billion (0.4 percent at a monthly rate) in May, according to estimates by the Bureau of Economic Analysis (BEA). Disposable personal income (DPI), personal income less personal current taxes, increased \$86.7 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$18.9 billion (0.1 percent). Excluding food and energy, the PCE price index increased 0.3 percent. Real DPI increased 0.3 percent in May and real PCE decreased by less than 0.1 percent; goods decreased 0.4 percent and services increased 0.2 percent.

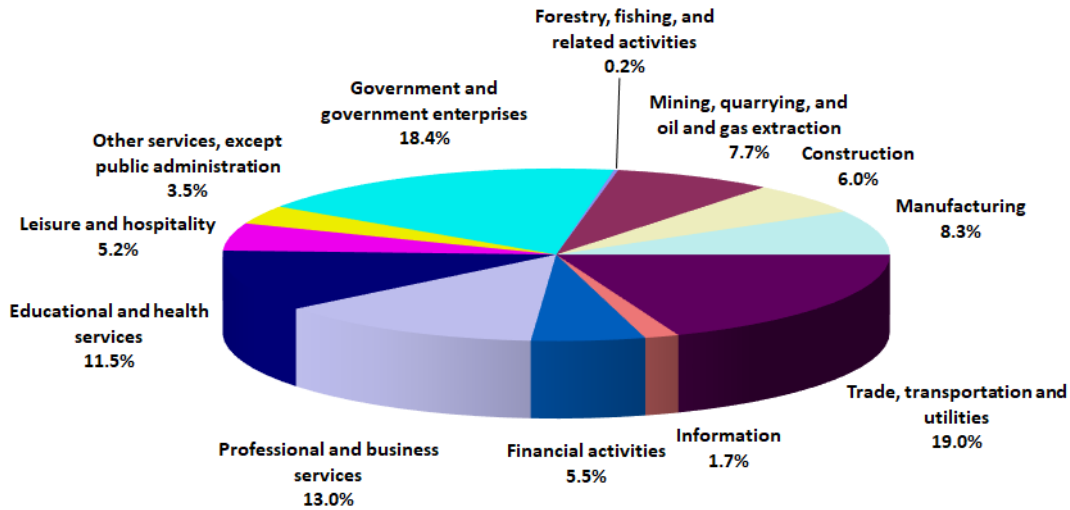
In May, outlays on goods dropped 0.5 percent as purchases of durable goods, such as motor vehicles, fell 0.9 percent. Non-durable goods spending slipped 0.3 percent. Spending on services rose 0.4 percent, driven by spending on healthcare and travel.

As prices have risen consumers have eased the pace of spending and put more money away. The personal savings rate—personal saving as a percentage of disposable personal income—rose to 4.6 in May, up from 4.3 percent in April.

## Oklahoma Nonfarm Industry Contribution to Earnings

First Quarter 2023

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

Quarterly estimates of state personal income are seasonally adjusted at annual rates by the Bureau of Economic Analysis (BEA). Quarterly personal income estimates are revised on a regular schedule to reflect more complete information than the data that were available when the estimates were initially prepared and to incorporate updated seasonal factors.

### Current Developments

State personal income—a measure of nationwide income calculated as the sum of personal income of all states and the District of Columbia—increased in 48 states and the District of Columbia in the 1st quarter of 2023, with the percent change ranging from 11.4 percent in Maine to -1.0 percent in Indiana, according to estimates by the U.S. Bureau of Economic Analysis (BEA).

Oklahoma's personal income increased at a 6.2 percent rate in the 1st quarter of 2023, to a level of \$230.4 billion, ranking the state 26th among all states. For the 4th quarter of 2022, Oklahoma's personal income was revised upward to \$226.9 billion (5.5 percent) from the previous estimate of \$226.3 billion (5.0 percent).

Earnings increased in all 50 states and the District of Columbia, growing 4.6 percent nationally. The percent change in earnings ranged from 12.4 percent in North Dakota to 0.1 percent in Arkansas. In Oklahoma, earnings increased 4.0 percent in the 1st quarter of 2023.

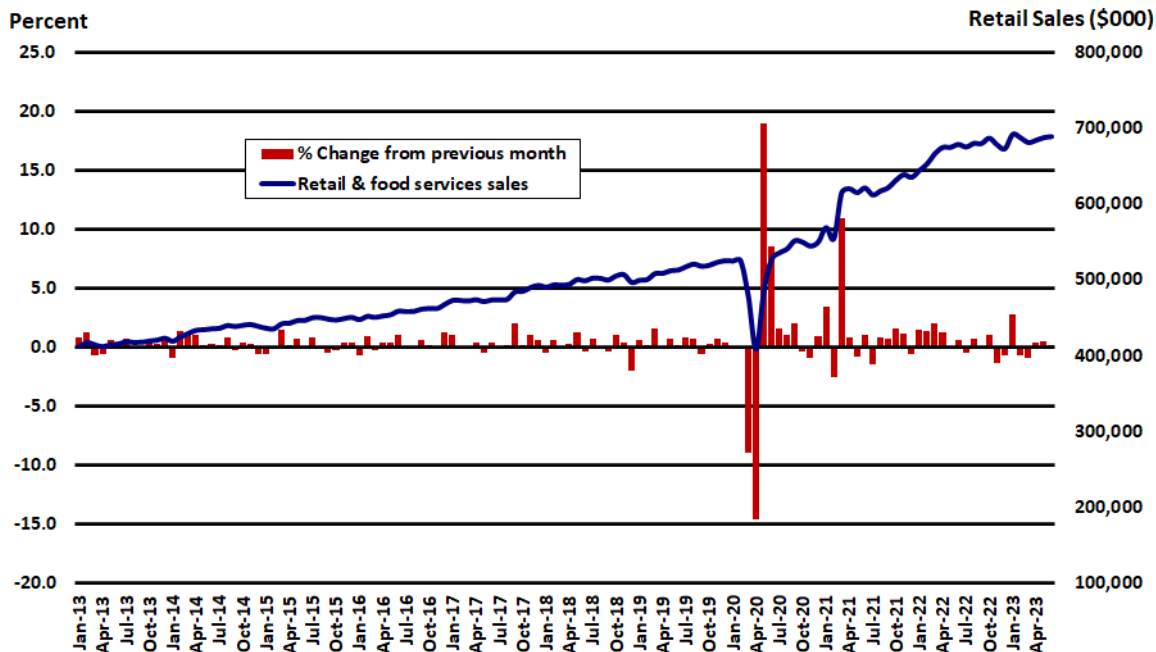
Earnings increased in 19 of the 24 industries for which BEA prepares quarterly estimates. Professional, scientific, and technical services; state and local government; and health care and social assistance were the leading contributors to the overall increase in earnings. Increases in farm earnings was the leading contributor to growth in personal income in four of the five fastest-growing states including Nebraska, North Dakota, Iowa, and South Dakota. In Oklahoma, State and local government; construction; and transportation and warehousing were the leading contributors to the overall growth in earnings in the 1st quarter of 2023.



## U.S. Retail Sales (Adjusted for Seasonal, Holiday, and Trading-Day Differences)

January 2013 to June 2023

Source: U.S. Census Bureau, Advance Monthly Sales for Retail Trade and Food Services



### Definition & Importance

Retail sales measure the total receipts at stores that sell merchandise and related services to final consumers. Sales are by retail and food services stores. Data are collected from the Monthly Retail Trade Survey conducted by the U.S. Bureau of the Census. Essentially, retail sales cover the durables and nondurables portions of consumer spending. Consumer spending accounts for roughly two-thirds of the U.S. GDP and is therefore essential to Oklahoma's economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth.

### Current Developments

Spending at U.S. retailers rose in June for the third month in a row, supported by a solid job market and easing inflationary pressures. Advance estimates of U.S. retail and food services sales for June 2023, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$689.5 billion, up 0.2 percent from the previous month, and up 1.5 percent above June 2022, according to the U.S. Census Bureau. Total sales for the April 2023 through June 2023 period were up 1.6 percent from the same period a year ago. The April 2023 to May 2023 percent change was revised from up 0.3 percent to up 0.5 percent.

Sales at car and auto parts dealers rose 0.3 in June, after climbing 5.3 percent in the previous month. Receipts at service stations fell 1.4 percent, on lower pump prices. Excluding sales at gasoline stations and on cars and parts, retail sales rose 0.3 percent in June from May.

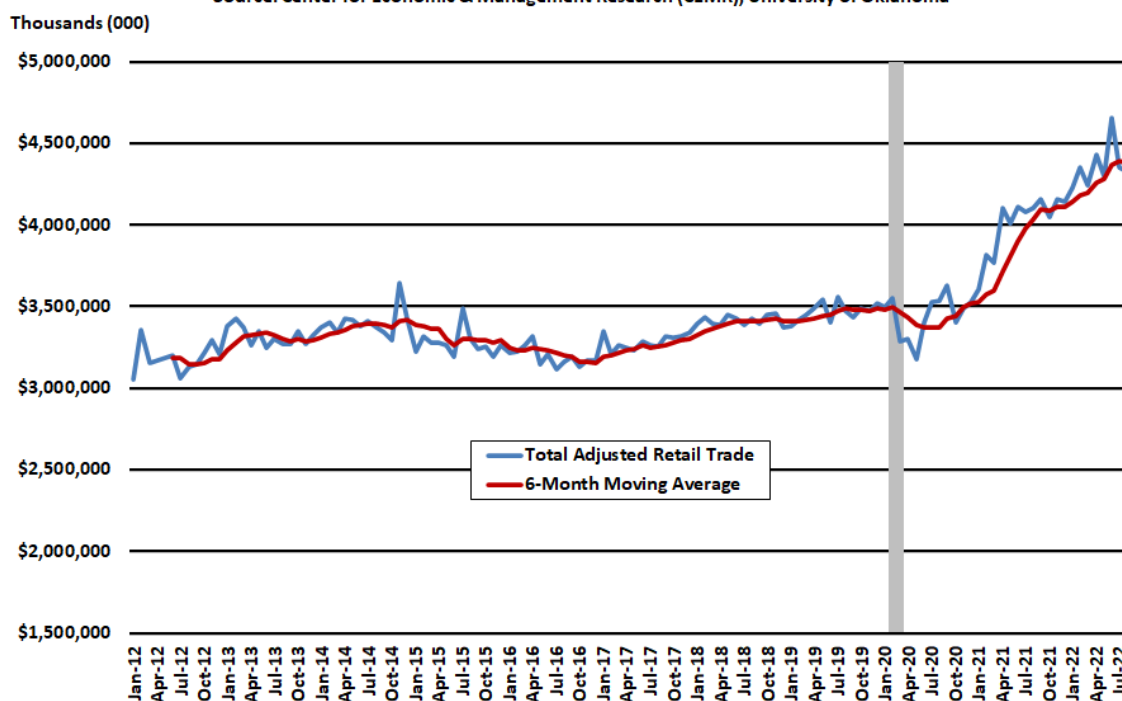
Furniture sales jumped 1.4 percent in June from the prior month, while spending at department stores fell by 2.4 percent during the same period. Spending increased 1.9 percent at online retailers and ticked up 0.6 percent at restaurants and bars.

The less volatile "core" or retail-control group sales which are used to calculate gross domestic product, and strips out automobiles, gasoline, building materials, and food services sales, rose 0.6 percent in June, following a revised 0.3 percent in the previous month.

## Oklahoma Total Adjusted Retail Trade

January 2012 to August 2022

Source: Center for Economic & Management Research (CEMR), University of Oklahoma



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

The Center for Economic and Management Research (CEMR) Price College of Business, at the University of Oklahoma produces the Oklahoma Monthly Retail Sales Series containing monthly estimates of retail sales for Oklahoma, the Oklahoma City, Tulsa, and Lawton Metropolitan Statistical Areas and 48 selected cities in Oklahoma. The series is based on sales tax collection data provided by the Business Tax Division, Oklahoma Tax Commission (OTC). In order to take out monthly volatility, we have used a six-month moving average.

### Current Developments

Statewide retail spending declined in August, as Oklahomans spent less at the pump and on other discretionary spending items. Total adjusted retail trade in August was at a level of \$4.33 billion, down 0.4 percent from the previous month's revised level of \$4.35 billion. Over the year, total adjusted retail trade was up 5.6 percent from the August 2021 level of \$4.10 billion. Excluding estimated gasoline sales, total retail sales for August increased 0.4 percent over the month.

In August, total durable goods sales increased 0.5 percent, as all but one of the six durable goods categories reported rising receipts over the month. Furniture (2.4 percent); auto accessories & repair (0.8 percent); miscellaneous durable goods (0.5 percent); used merchandise (0.2 percent) and lumber & hardware (0.1 percent) reported gains over the month. The only declining durable goods category in August was computer, electronics & music stores (-0.4 percent).

Non-durable goods expenditures declined 0.8 percent in August, as estimated gasoline sales dropped 6.2 percent over the month on lower pump prices. Other declining non-durable goods categories in August were drug stores (-1.5 percent); liquor stores (-1.8 percent); and miscellaneous non-durable goods (-0.3 percent). Advancing non-durable goods categories in August were apparel (1.4 percent); eating & drinking places (0.6 percent); general merchandise stores (0.6 percent); and food stores (0.1 percent).

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